

Hoosier Business Investment Tax Credit



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Hoosier Business Investment Tax Credit Award Process:

A person or business that proposes a project to create new jobs or increase wage levels in Indiana may apply to the existing Indiana Economic Development for a Growing Economy (EDGE) board for approval of an award of the Hoosier Business Investment tax credit prior to the investment. The EDGE board may approve credit awards only for investments made during taxable years beginning on or after January 1, 2004, and ending on or before December 31, 2007.

The EDGE board will consider the following factors in its review of Hoosier Business Investment Tax Credit applications:

1. The amount of the investment;
2. The applicant's business activities in Indiana, which must have been conducted in Indiana for at least one year prior to the submittal of the Hoosier Business Investment Tax Credit application;
3. The economic soundness of the proposed project;
4. The role of the award of the credit in the applicant's decision to move forward with the project;
5. The positive fiscal impact to the state resulting from the project; and,
6. The average wage that will be paid by the applicant at the project location, which must equal or exceed 150 percent of the hourly minimum wage established under state laws.

In addition, the extent of job creation and increase in wages will be taken into consideration.

Calculation of the Hoosier Business Investment Tax Credit:

The credit equals 30 percent of the amount of the qualified investment. The amount of the available credit is limited, however, each taxable year to the lesser of:

1. The qualified investment amount invested in the taxable year multiplied by 30 percent; or
2. The applicant's state tax liability per taxable year minus the greater of:
 - The taxpayer's state tax liability in the most recent prior taxable year in which the applicant claims a part of the credit; or
 - The taxpayer's base tax liability, which is the taxpayer's state tax liability in the year preceding the year in which the qualified investment is made.

A taxpayer may carry forward any unused credit amounts for not more than nine consecutive years after the year in which the qualified investment is made.

Interested parties may contact IDOC with further inquiries at 317.232.8800 or visit the IDOC Web site at www.indianacommerce.com.

History: Capital investments play an important role in the creation of new jobs as well as increased wages in Indiana. In order to encourage these types of investments, the Indiana General Assembly passed legislation that creates a Hoosier Business Investment Tax Credit for qualified capital investments made in the state of Indiana. This tax credit is administered by the Indiana Department of Commerce and is found in Indiana Code 6-3.1-26. Qualified investments may be made only during taxable years beginning on or after January 1, 2004, and ending on or before December 31, 2007.



Eligibility:

Investments that may qualify for the Hoosier Business Tax Credit consist of:

1. Purchases of equipment for telecommunications, production, manufacturing, assembly, extraction, mining and processing;
2. New computers and related equipment;
3. Costs associated with modernization of existing equipment used for telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining or finishing facilities;
4. On-site infrastructure improvements;
5. Construction of facilities used for telecommunications, production, manufacturing, fabrication, assembly, extraction, mining, processing, refining or finishing facilities;
6. Costs associated with retooling existing machinery and equipment; and,
7. Costs associated with the construction of special-purpose buildings and foundations for use in the computer, software, biological sciences or telecommunications industry.